

Message Text

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P 221422Z AUG 75

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC PRIORITY 2540

INFO AMCONSUL CAPE TOWN

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AMCONSUL JOHANNESBURG

UNCLAS PRETORIA 3190

E.O. 11652: N/A

TAGS: SF, BEXP

SUBJ: YEAR-END CRAG REVIEW

REF: STATE 181382

1. WITH U.S. EXPORTS TO SOUTH AFRICA OF OVER \$1.2 BILLION IN CY 1974, A SIZABLE INCREASE OVER 1973, A PRACTICAL GUIDE TO PRIORITIES BECAME ESSENTIAL FOR THE ECONOMIC AND COMMERCIAL WORK OF THE EMBASSY AND CONSULATES GENERAL IN SOUTH AFRICA. THE CRAG HAS PROVIDED THIS, AND IS USED IN CONJUNCTION WITH THE CERP AND WASHINGTON INSTRUCTIONS ON SPECIFIC CASES.

2. THE WORKLOAD OF THE CRAG (F6 1976 AS WELL AS FY 1975) CAN BE HANDLED SATISFACTORILY, PROVIDED THE E/C SECTIONS OF BOTH THE EMBASSY AND THE CONSULATES GENERAL ARE FULLY STAFFED. HOWEVER, THERE HAVE BEEN LONG GAPS IN STAFFING, PARTICULARLY IN JOHANNESBURG WHERE MUCH OF OUR COMMERCIAL WORK IS DONE. UNFORTUNATELY, THE PRINCIPAL COMMERCIAL POSITION IN SOUTH AFRICA (I.E. THE SENIORCOMMERCIAL POSITION IN JOHANNESBURG) IS AGAIN VACANT AND THE WORKLOAD IS BOUND TO SUFFER.

3. WITH THE INCREASED TRADE AND THE STAFF SHORTAGES WE HAVE FOUND IT DIFFICULT FOR THE CONGENS TO HANDLE MORE THAN STANDARD " INFORMATIONAL AND FACILITATIVE SERVICES" AND THE MAJOR PROJECTS AND TENDERS. WE HAVE REGARDED THE FOREGOING SERVICES AS OF PARAMOUNT IMPORTANCE, GRANTING THEM FIRST PRIORITY IN ALLOCATING OUR LIMITED RESOURCES EVEN AT THE EXPENSE OF DELAYING

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THE HIGHLY IMPORTANT DESK MARKET SURVEYS. WE HAVE CONTINUED TO

ENCOURAGE PLANT VISITS, A NORMAL ACTIVITY OF E/C OFFICERS AT ALL POSTS,

ALSO STAFFING GAPS HAVE BEEN A HINDRANCE; HOWEVER IN CONNECTION WITH THE LABOR PRACTICES SURVEYS (PARA 6 BELOW) A NUMBER OF FIRMS HAVE BEEN VISITED.

4. AS TO THE LESSENING OF SOUTH AFRICAN IMPORT BARRIERS (OBJECTIVE B) THE EMBASSY HAD A CONTINUING DIALOGUE WITH THE SAG DEPARTMENT OF COMMERCE TO ENCOURAGE THE ELIMINATION OF THOSE LICENSING REQUIREMENTS THAT THE SAG IS OBLIGATED TO REMOVE AS A RESULT OF THE GATT ARTICLE XXVIII NEGOTIATIONS. THER IS REASON TO BELIEVE THAT ALL BUT A VERY FEW SUCH REQUIREMENTS WILL SOON BE REMOVED.

5. WE CAN REPORT NO PROGRESS ON THE BROAD PROBLEM OF ENDING EXCHANGE CONTROLS ON REPATRIATION OF CAPITAL, NOW RESTRICTED TO REPATRIATION IN FIVE ANNUAL INSTALLMENTS. WHILE THE SAG RECOGNIZES THE THEORETICAL UNDESIRABILITY OF EXCHANGE CONTROLS, THEY CONTINUE TO REGARD THEM AS A PRACTICAL NECESSITY FOR A COMPLEX OF REASONS RELATING TO B/P PROBLEMS GROWING FROM SOUTH AFRICANREQUIREMENTS FOR CAPITAL IMPORTS TO FUEL ITS ECONOMIC DEVELOPMENT, AND FROM THE SENSITIVITY OF THE LOCAL FINANCIAL STRUCTURE TO FOREIGN, ESPECIALLY BRITISH, FINANCIAL DEVELOPMENT. NEVERTHELESS, CONTINUING U.S. INVESTMENT IN SOUTH AFRICA OVER THE PAST YEAR, ESTIMATED AT \$230 MILLION FOR CY 1974 IN THE USDOC SURVEY OF CURRENT BUSINESS POINTS UP THAT THESE CONTROLS ARE NOT A PRACTICAL PROBLEM FOR AMERICAN BUSINESS IN SOUTH AFRICA. NO AMERICAN FIRM HAS SHOWN ANY CONCERN ABOUT THEM. WE HAVE MADE REPRESENTATIONS SUCCESSFULLY ON ONE OR TWO CASES OF APPARENT MISINTERPRETATIONS OF SA WISHES ON EXTENDED IMPORT FINANCING TERMS DURING A B/P STRINGENCY.

6. WE HAVE CONTINUED AN EXTENSIVE PROGRAM TO ENCOURAGE U.S. FIRMS TO PURSUE ENLIGHTENED LABOR PRACTICES. A NEW STATEMENT OF PRACTICES WAS RELEASED IN SEPTEMBER, 1974 WHILE THE MONITORING OF THEIR PRACTICES THROUGH EXTENSIVE INTERVIEWS WAS A CONTINUING ACTIVITY IN FY 1975 (AS IT IS ALSO DURING FY 1976).

7. WE HAVE AS APPROPRIATE CONTINUED TO DISCOURAGE U.S. INVESTMENT IN NAMIBIA AND TO ENCOURAGE U.S. INVESTORS TO CONSIDER THE ADVANTAGE OF INVESTMENT IN THE BLS COUNTRIES.

8. OVERALL WE CONSIDER CRAG ACTIVITIES WERE HIGHLY RELEVANT IN PROVISION OF FACILITATIVE ASSISTANCE TO U.S. BUSINESS AND THEIR EXPANDING EXPORTS TO SOUTH AFRICA WHILE REMAINING WITHIN THE WELL-DEFINED GUIDELINES OF OUR COMMERCIAL POLICY TOWARD SOUTH AFRICA.

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CRAG ITSELF IS A VALUABLE GUIDE TO PRIORITIES AND POINTS UP FULL STAFFING UNDER CURRDNT PERSONNEL PROVISIONS IS ESSENTIAL IF THIS WORKLOAD IS TO BE DISCHARGED SATISFACTORILY AND NEW ACTIVITIES TO BE UNDERTAKEN SUCH AS PLANNED CATALOGUE SHOWS. BOWDLER

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